

## Message Text

PAGE 01 STATE 032577  
ORIGIN COME-00

INFO OCT-01 CIAE-00 DODE-00 EB-08 NSAE-00 USIA-06  
TRSE-00 EUR-12 DOE-11 ISO-00 SOE-02 ACDA-12 /052 R

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APPROVED BY EB/EWT RWPRACHT  
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P 072319Z FEB 78  
FM SECSTATE WASHDC  
TO AMEMBASSY PARIS PRIORITY  
INFO AMEMBASSY BUCHAREST PRIORITY

C O N F I D E N T I A L STATE 032577

EXCON USOECD

E.O. 11652:XGDS-1

TAGS:ESTC, COCOM, RO

SUBJECT: CLARIFICATION OF CDC/ROM TRANSACTION TO ROMANIA  
IL-1565

REF: A. 232120(CDC); B. COCOM DOC(77)68; OC DOC. NO. 5642  
AND SUPPLEMENTS

1) THE UNITED STATES DELEGATION IS REQUESTED TO SUBMIT THE  
FOLLOWING URGENCY CASE TO THE COMMITTEE PURSUANT TO COCOM  
DOC. REG. (77)1, PARAGRAPH 4(B).

2) THE UNITED STATES AUTHORITIES WISH TO TAKE THIS  
OPPORTUNITY TO CLARIFY THE TRANSACTION DESCRIBED IN COCOM  
DOC. (77)68 BECAUSE SOME POINTS WERE INCOMPLETE OR POSSIBLY  
AMBIGUOUS IN THE ORIGINAL PRESENTATION. IT IS TAKING THIS  
ACTION AT THIS TIME BECAUSE THE UNITED STATES APPLICANT IS  
CONFIDENTIAL

PAGE 02 STATE 032577

REQUESTING MODIFICATION OF ONE OF THE CONDITIONS OF THE  
TRANSACTION.

3) IT WAS THE INTENT OF THE UNITED STATES AUTHORITIES WHEN  
ORIGINALLY CONSIDERING AND APPROVING THIS TRANSACTION THAT  
IT CONFORM AS CLOSELY AS POSSIBLE TO THE CONDITIONS  
AND LIMITATIONS OF IL 1565 NOTES 14 AND 15. THE MAJOR  
RESPECTS IN WHICH THIS TRANSACTION EXCEEDED THESE NOTES  
WERE FIRST, THAT CERTAIN TECHNICAL DATA FOR THE MANUFACTURE  
OF DISC DRIVES EXCEEDING THE LIMITATIONS OF NOTE 14(F)(3)

WERE BEING PROVIDED (NOTE 15(G)(2)). SECOND, THAT THE UNITED STATES AUTHORITIES DID NOT HAVE OR SUBMIT A SIGNED STATEMENT FROM THE RECIPIENT THAT SATISFIED THE CONDITIONS OF NOTE 14(D) OR NOTE 15(E). THIRD, THAT AS A COMPLETE EQUIPMENT, THE 9742 EXCEEDED THE "NET CAPACITY" LIMITATION OF 235 MILLION BITS OF NOTE 14(F)(2)(I). THE 9742 IS A DUAL DENSITY 2314 TYPE DISC DRIVE WITH A CAPACITY OF 480 MILLION BITS. FOURTH, THAT THE DISC DRIVES TO BE PRODUCED WERE TO BE USED WITH THE FELIX C-256 COMPUTER WHICH HAD A PDR OF 10.4 MILLION BITS PER SECOND EXCEEDING THE NOTE 9 LIMITATION OF 8 MILLION BITS PER SECOND (NOTE 15(H)). ALSO, THE MEMORY PERFORMANCE FACTOR OF THE 9742 DISC DRIVE (54785 BASED ON AN AVERAGE ACCESS TIME OF 42.5 MSEC) EXCEEDS THE NOTE 9 LIMITATION OF 43000 (NOTE 15(H)).

4) HOWEVER, THE UNITED STATES AUTHORITIES CONSIDERED THAT THERE WERE MITIGATING CIRCUMSTANCES AND CONDITIONS THAT COULD BE APPLIED WHICH WOULD SATISFY THE INTENT OF NOTES 14 AND 15.

5) FIRST THE UNITED STATES AUTHORITIES CONSIDERED THAT THE TECHNOLOGY DISCLOSURE REPRESENTED BY THIS TRANSACTION CONFIDENTIAL

PAGE 03 STATE 032577

WAS NO GREATER THAN THAT OF CASES PREVIOUSLY APPROVED BY THE COMMITTEE, E.G., (COCOM DOCS(72)2393 AND (72)2394) AND THAT THE TECHNOLOGY FOR MAGNETIC HEADS, SERVOS AND MAGNETIC SURFACES WAS NOT BEING PROVIDED. FURTHER, THE APPLICANT IS A PRINCIPLE IN THE RECIPIENT PRODUCTION ORGANIZATION AND CAN EFFECTIVELY CONTROL THE LEVEL AND DISSEMINATION OF THE TECHNICAL DATA PROVIDED.

6) SECOND, THE ISSUANCE OF THE UNITED STATES EXPORT LICENSE FOR THIS TRANSACTION WAS MADE CONTINGENT UPON THE RECEIPT BY THE UNITED STATES AUTHORITIES WITHIN 90 DAYS OF A SIGNED STATEMENT BY THE RECIPIENT SATISFYING ALL BUT THE FIRST SUBPARAGRAPHS OF NOTE 14(D) AND NOTE 15(E). THESE SIGNED STATEMENTS HAVE BEEN RECEIVED AND WILL BE SUBMITTED TO THE COMMITTEE. THE UNITED STATES AUTHORITIES REGARD THE CONDITION OF THE FIRST SUBPARAGRAPHS OF NOTE 14(D) AND NOTE 15(E) IS SATISFIED BY A REQUIREMENT OF THE U.S. LICENSE THAT ALL END-USERS OF EQUIPMENT BE APPROVED IN ADVANCE BY THE UNITED STATES AUTHORITIES.

7) THIRD, THAT WHILE THE 9742 EXCEEDS THE "NET CAPACITY" LIMITATION OF NOTE 14(F)(2)(I), THE ONLY SIGNIFICANT DIFFERENCE BETWEEN THIS EQUIPMENT AND SINGLE DENSITY 2314 TYPE DISC DRIVES WHICH DO SATISFY THIS LIMITATION IS THE MAGNETIC HEAD. SINCE NO TECHNOLOGY PERTAINING TO THE HEAD WAS BEING PROVIDED, COMPARABLE EQUIPMENT HAS BEEN PREVIOUSLY EXPORTED, AND THE DISPOSITION OF THE HEADS ARE

CAREFULLY CONTROLLED, THE UNITED STATES AUTHORITIES CONSIDERED THAT THERE WAS NO ADDITIONAL SIGNIFICANT RISK IN APPROVING THE EXPORT OF THESE HEADS.

8) FOURTH, WHILE THE PDR OF THE FELIX C-256 EXCEEDS THE NOTE 9 LIMITATIONS, THE COMMITTEE HAS APPROVED ON A NUMBER OF OCCASIONS THE EXPORT OF COMPARABLE EQUIPMENT ON A CASE-BY-CASE BASIS FOR USE WITH THE FELIX C-256, THE Odra 1305 AND SEVERAL OF THE RYAD MODEL COMPUTERS. IN CONFIDENTIAL

PAGE 04 STATE 032577

ADDITION, THE UNITED STATES AUTHORITIES, IN ADMINISTERING THIS LICENSE, BOTH REVIEWS AND APPROVES THE END-USE AND THE END-USER AS WELL AS LIMITING THE SYSTEM CONFIGURATIONS TO THOSE THAT SATISFY OR ARE LESS THAN THE NOTE 9 LIMITATIONS (AS MODIFIED BY NOTE 14(G) AND NOTE 15(H)) IN ALL RESPECTS OTHER THAN PDR AND MEMORY PERFORMANCE FACTOR. IN PARTICULAR, ONLY TWO 9742 DISC DRIVES ARE PERMITTED IN EACH SYSTEM. FURTHER, THE QUANTITY OF 9742 DISC DRIVES BEING PRODUCED IS LIMITED SO THAT THE QUANTITY OF DIGITAL COMPUTERS BEING EQUIPPED IS LESS THAN 200 PER YEAR AS PER THE STATEMENT OF UNDERSTANDING TO IL 1565 NOTE 14(H) AND 15(I)(1). THE ACTUAL QUANTITY OF COMPUTERS BEING EQUIPPED IS ON THE ORDER OF 130 PER YEAR.

9) THE UNITED STATES AUTHORITIES, THEREFORE, CONSIDER ALL THE APPLICABLE CONDITIONS AND LIMITATIONS OF BOTH NOTE 14 AND 15 ARE SATISFIED BY THIS TRANSACTION EXCEPT AS NOTED ABOVE. IN THESE AREAS, (I) THE LACK OF SIGNIFICANT DIFFERENCES IN TECHNOLOGY FROM EARLIER CASES, (II) THE PREVIOUS APPROVALS BY THE COMMITTEE OF EXPORTS OF COMPARABLE EQUIPMENT ON A CASE-BY-CASE BASIS, (III) THE LIMITATION OF THE TRANSACTION TO ROMANIA AND UNITED STATES REVIEW AND APPROVAL ON A CASE-BY-CASE BASIS OF THE DISPOSITION OF THIS EQUIPMENT, (IV) THE SYSTEM CONFIGURATION NUMBER OF SYSTEMS EQUIPPED ARE MITIGATING CIRCUMSTANCES. THE UNITED STATES AUTHORITIES CONSIDER THAT THESE CIRCUMSTANCES SATISFY THE INTENT OF NOTES 14 AND 15 AND THAT THIS TRANSACTION DOES NOT ENTAIL ADDITIONAL SIGNIFICANT RISK TO WESTERN SECURITY.

10) UNITED STATES AUTHORITIES HAVE NOW BEEN ASKED TO APPROVE AN INCREASE IN THE NUMBER OF 9742 DISC DRIVES PER SYSTEM FROM TWO TO FOUR. THIS CHANGE WILL INCREASE THE "NET CAPACITY" PARAMETER OF NOTE 9 FROM 960 TO 1920  
CONFIDENTIAL

PAGE 05 STATE 032577

MILLION BITS PER SYSTEM. AS INDICATED IN THE ATTACHMENT, TWO DISC DRIVES PER SYSTEM ARE UNDULY PENALIZING THE EFFECTIVE OPERATION OF THESE SYSTEMS BOTH BECAUSE OF THE LIMITED NUMBER OF ACCESSES PER SECOND AND BECAUSE

OF OPERATIONAL PROBLEMS IF ONE DISC DRIVE SHOULD FAIL. THE COMMITTEE HAS IN THE PAST APPROVED SEVERAL CASES FOR COMPARABLE EQUIPMENT IN THIS QUANTITY FOR USE WITH THE ODRA 1305 AND LIKE PERFORMANCE COMPUTERS AND THE UNITED STATES AUTHORITIES CONSIDER THIS REQUEST CONSISTENT WITH THESE PREVIOUS APPROVALS. IF THIS REQUEST IS APPROVED, THE UNITED STATES AUTHORITIES WILL CONTINUE TO ADMINISTER THIS LICENSE ON A CASE-BY-CASE BASIS AND WILL ONLY APPROVE FOUR 9742 DRIVES PER FELIX C-256 SYSTEM WHEN CLEARLY JUSTIFIED FOR CIVIL APPLICATIONS.

11) THE UNITED STATES AUTHORITIES CONSIDER THIS REQUEST REASONABLE AND APPROPRIATE FOR STATED END-USES. THEY WISH TO APPROVE IT UNDER THE URGENCY PROCEDURE SET FORTH IN COCOM DOC. REG. (77)1, PARAGRAPH 4(B), BECAUSE OF FINANCIAL HARDSHIP DUE TO LACK OF AUTHORITY TO SHIP DISC DRIVES ALREADY MANUFACTURED, AND WOULD APPRECIATE THE VIEWS OF MEMBER GOVERNMENTS.

FYI-- ATTACHMENT AIRMAILED FROM COMMERCE ON 2/1/78. END  
FYI VANCE

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## Message Attributes

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